

CIA/OCI/BRIEF 047-73
28 SEPTEMBER 1973

Approved For Release 2001/08/14 : CIA-RDP85T00875R000600050043-0

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DEA BRIEF 047.

ITEMS MARKED A HAVE BEEN COORDINATED WITH THE DEPARTMENTS OF STATE AND DEFENSE.

41. PORTUGUESE GUINEA: THE ANTI-PORTUGUESE REBELS HAVE FINALLY MADE THEIR LONG-PLANNED DECLARATION OF A INDEPENDENT STATE OF "GUINEA-BISSAU." EARLIER THIS WEEK, A "NATIONAL POPULAR ASSEMBLY" MET INSIDE THE TERRITORY AND PROCLAIMED INDEPENDENCE, ADOPTED A CONSTITUTION AND ANNOUNCED THE LEADERSHIP OF THEIR NEW GOVERNMENT. ACCORDING TO A COMMUNIQUE ISSUED BY THE REBELS' AFRICAN PARTY FOR THE INDEPENDENCE OF GUINEA AND CAPE VERDE (PAIGC), LUIZ CABRAL AND FRANCISCO MENDES, BOTH MAJOR PARTY FIGURES, WILL SERVE AS CHIEF OF STATE AND HEAD OF GOVERNMENT RESPECTIVELY. ARISTIDES PEREIRA REMAINS HEAD OF THE PARTY. THE REBELS CLAIM THAT THEIR HEADQUARTERS AND CAPITAL WILL BE LOCATED IN A SMALL TOWN IN SOUTHWESTERN PORTUGUESE GUINEA.

THE PAIGC INTENDS THIS MOVE TO BRING POLITICAL PRESSURE ON THE PORTUGUESE, WHO STILL EXERCISE EFFECTIVE CONTROL OVER THE IMPORTANT AREAS OF PORTUGUESE GUINEA. THE PAIGC HOPES THAT THE

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MAING OF A CAPITAL INSIDE PORTUGUESE GUINEA AND THE ACHIEVEMENT OF WIDE DIPLOMATIC RECOGNITION WILL AFFORD THEM AN APPEARANCE OF LEGITIMACY AND ENABLE THEM TO GAIN INCREASED FOREIGN ECONOMIC AND MILITARY ASSISTANCE. A PAIGC SPOKESMAN TOLD US OFFICIALS IN CONAKRY, GUINEA, THAT THE NEW GOVERNMENT IS WILLING TO TALK WITH THE PORTUGUESE. IN THE PAST PORTUGAL HAS REFUSED TO TALK WITH INSURGENTS FROM ANY OF ITS AFRICAN TERRITORIES. LISBON IS NOT NOW LIKELY TO CHANGE THAT POLICY AND WILL CONTINUE TO ARGUE THAT THE PAIGC DOES NOT HAVE THE SUPPORT OF THE PEOPLE OF PORTUGUESE GUINEA.

THE REBEL GOVERNMENT HAS BEEN RECOGNIZED BY YUGOSLAVIA, ROMANIA, AND A NUMBER OF ARAB AND AFRICAN STATES. MOST OTHER AFRICAN AND NON-ALIGNED NATIONS ARE EXPECTED TO FOLLOW SUIT. THE SOVIET UNION, LONG A SUPPORTER OF THE PAIGC, HAS PUBLICLY WELCOMED THE INDEPENDENCE DECLARATION AND WILL ALMOST CERTAINLY GRANT RECOGNITION NOW THAT SOME MAJOR AFRICAN STATES HAVE TAKEN THE LEAD. OTHER INTERNATIONAL REACTION WILL BECOME CLEARER WHEN THE AFRICANS RAISE THE QUESTION OF GUINEA-BISSAU'S STATUS AT THE UN. (SECRET)

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2. AFGHANISTAN: R. 2. SHUKLA HAS PLAYED DOWN THE IMPORT OF

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THE RECENT VISIT OF MOHAMMAD NAIM, FOREIGN POLICY ADVISER TO AFGHAN PRESIDENT DAUD. THE INDIAN OFFICIAL SAID THE VISIT WAS MAINLY AN EFFORT BY THE NEW REGIME IN KABUL TO REESTABLISH "PERSONAL TIES" WITH THE INDIAN GOVERNMENT.

SHUKLA EXPLAINED THAT THE AFGHANS WERE GREATLY CONCERNED ABOUT IRANIAN MILITARY ACTIVITY IN THE PAKISTANI PROVINCE OF BALUCHISTAN. HE DECLINED TO SPECIFY WHAT THE IRANIANS WERE DOING, BUT THE INDIAN PRESS ON 26 SEPTEMBER REPORTED THAT IRANIAN HELICOPTERS WERE OPERATING IN PAKISTANI BALUCHISTAN. WHILE NOTING AFGHAN CONCERN ABOUT IRANIAN ACTIVITY, SHUKLA STATED INDIA ALSO HAD TO WORRY ABOUT IRANIAN MILITARY SUPPORT TO PAKISTAN IN A DIFFERENT CONTEXT, I.E. THE ARMS BUILDUP IN THE PERSIAN GULF.

NAIM'S 35-MINUTE SESSION WITH INDIAN DEFENSE MINISTER JAGJIVAN RAM REPORTEDLY WAS DEVOTED PRIMARILY TO AFGHANISTAN'S NEED FOR MILITARY TRAINING ASSISTANCE. INDIA ALREADY HAS SOME AFGHANIS IN ITS MILITARY SCHOOLS, BUT HAS FOUND THAT THEIR LOW LEVEL OF COMPETENCE IN THE ENGLISH LANGUAGE PRESENTED MAJOR PROBLEMS AND WOULD PROBABLY PRECLUDE ANY MAJOR INCREASE IN INDIAN

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TRAINING. (CONFIDENTIAL)

//3. IRAN: STRIKING EMPLOYEES AT THE ABADAN REFINERY RETURNED TO WORK WEDNESDAY AFTER A FOUR-DAY WALKOUT THAT COST THE GOVERNMENT-OWNED NATIONAL IRANIAN OIL COMPANY ABOUT \$600,000 IN LOST REVENUE. THE COMPANY WILL APPARENTLY ALSO FOOT THE BILL FOR INCREASED WAGES AND FRINGE BENEFITS AMOUNTING TO A 15 PERCENT RAISE FOR EACH WORKER.//

//NO VIOLENCE OR SABOTAGE OCCURRED DURING THE STRIKE, AND,

[REDACTED]

TEHRAN HAS

TRIED TO KEEP THE NEWS OF THE STRIKE OUT OF THE PRESS FOR FEAR THE ABADAN EMPLOYEES' SUCCESS WILL ENCOURAGE WORKERS IN OTHER INDUSTRIES TO STRIKE FOR SIMILAR DEMANDS. THERE IS ALSO THE DANGER THAT THE OIL WORKERS, AWARE OF THEIR PRODUCT'S IMPORTANCE IN THE WORLD AND HEADY WITH THEIR RECENT SUCCESS, MIGHT TRY AGAIN TO KEEP AHEAD OF IRAN'S RUNAWAY INFLATION.//{SECRET}

4. GREECE: WHEN PRESIDENT PAPADOPOULOS WAS CONFIRMED IN HIS POST ON 29 JULY, HE PROMISED HE WOULD SOON FORM A CONSTITUTIONAL

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COURT (APPOINTED IN MID-SEPTEMBER) AND INSTALL A NEW CABINET--MINUS THE PRESENT CAST OF MILITARY MEMBERS--BY EARLY OCTOBER. THIS SELF-IMPOSED DEADLINE IS FAST APPROACHING AND PAPADOPOULOS OBVIOUSLY STILL HAS SOME PROBLEMS TO WORK OUT, BUT MOST INDICATIONS SUGGEST THAT EX-PROGRESSIVE PARTY CHIEF SPYROS MARKEZINIS WILL GET THE NOD AS PRIME MINISTER.

SAID TO BE PROSPECTIVE APPOINTEES ARE HARILAMOS MITRELIS, WHO HELPED DRAFT THE 1968 CONSTITUTION, AS A DEPUTY PRIME MINISTER; CHRISTOS PALAMAS, A LONG TIME PROFESSIONAL DIPLOMAT AND FORMER AMBASSADOR TO THE US, AS FOREIGN MINISTER; AND PAPADOPOULOS' BROTHER CONSTANTINE AS DEFENSE MINISTER. A CONSTITUTIONAL AMENDMENT RESERVES APPOINTMENTS TO THE ~~DEFENSE~~ FOREIGN, AND DEFENSE MINISTRIES TO PRESIDENTIAL PREROGATIVE. SOME "FRIENDS" OF MARKEZINIS AND SOME OF THE PRESENT CIVILIAN MINISTERS WILL FILL THE REMAINING POSTS.

THE ATMOSPHERE SURROUNDING THE RELUCTANT RESIGNATION ON 28 SEPTEMBER OF DEPUTY PREMIER MAKAREZOS POINTS UP THE PLIGHT OF ALL THE EXMILITARY MINISTERS WHO ARE SLATED TO LEAVE THEIR POSITIONS OF INFLUENCE FOR AN UNCERTAIN ~~PERIOD~~ ^{PERIOD} IN THE YET TO BE DETERMINED

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POLITICS OF THE NEW REPUBLIC. MAKAREZOS CITED BASIC BUT UNSPECIFIED DIFFERENCES WITH PAPADOPOULOS, BUT AT THE SAME TIME STOOD FOUR-QUARE BEHIND THE APPOINTMENT OF SPYROS MARKEZINIS AS PREMIER, FORECASTING SUFFERING FOR GREECE IF THE PRESENT ENDEAVORS TO RESTORE POLITICAL PROCESSES DON'T SUCCEED. MAKAREZOS PIQUE MAY RESULT FROM THE WAY THAT PAPADOPOULOS HAS BEEN ABLE TO ENHANCE HIS PERSONAL POSITION, TO SOME ■■■■EXTENT AT THE EXPENSE OF MAKAREZOS AND OTHER JUNTA FAITHFUL.

MAKAREZOS' DEPARTURE SHOULD SIGNAL OTHER RESIGNATIONS, AND A NEW GOVERNMENT MAY BE IN THE WORKS BY NEXT WEEK. {CONFIDENTIAL}

5. EGYPT-LIBYA: PRESIDENTS SADAT AND QADHAFI ARE EACH SCHEDULED TO DELIVER SPEECHES IN EGYPT ON THE ANNIVERSARY OF PRESIDENT NASIR'S DEATH ON 23 SEPTEMBER; SADAT WILL SPEAK IN CAIRO, AND QADHAFI WILL ADDRESS LIBYAN STUDENTS IN ALEXANDRIA. THE FOLLOWING DAY, BOTH PRESIDENTS WILL GIVE KEYNOTE ADDRESSES AT THE OPENING SESSION IN CAIRO OF THE EGYPTIAN-LIBYAN CONSTITUENT ASSEMBLY. THAT WILL DRAFT A CONSTITUTION AND NOMINATE A PRESIDENT FOR THE "UNITED" EGYPTIAN-LIBYAN STATE. {CONFIDENTIAL} E-2 IMPDETH

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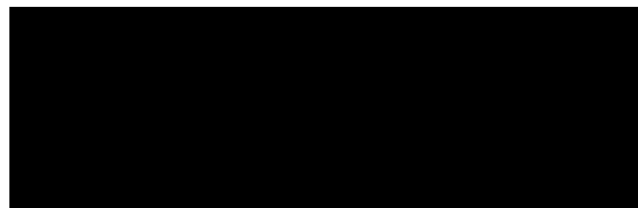
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EAST ASIA BRIEF 047.

21. JAPAN: TOKYO PROBABLY WILL EASE CONTROLS ON THE INFLOW OF FOREIGN FUNDS WITHIN THE NEXT FEW MONTHS. THIS WOULD REVERSE A POLICY INITIATED IN MID-1971 WHEN RESTRICTIONS WERE TIGHTENED TO LIMIT SPECULATIVE DOLLAR INFLOWS. JAPAN NOW HAS THE MOST RESTRICTIVE CONTROLS OF ANY MAJOR INDUSTRIALIZED NATION.

A DECLINE IN FOREIGN EXCHANGE RESERVES, SIX CONSECUTIVE MONTHS OF BALANCE-OF-PAYMENTS DEFICITS, AND SOME FOREIGN AS WELL AS DOMESTIC PRESSURE FOR INTERNATIONALIZATION OF THE YEN HAVE PROMPTED TOKYO TO CONSIDER ALTERING ITS TIGHT CONTROL SYSTEM. IN ADDITION, THE STABILITY WHICH HAS PREVAILED IN TOKYO'S FOREIGN EXCHANGE MARKET SINCE MARCH HAS MADE MONETARY OFFICIALS CONFIDENT THAT SOME LOOSENING OF RESTRICTIONS CAN BE ACCOMPLISHED WITHOUT STIMULATING SPECULATIVE INFLOWS. ANY POLICY CHANGES WILL COME GRADUALLY, HOWEVER, AND THE RESULTS WILL BE CLOSELY MONITORED BY TOKYO. ONE OF THE FIRST STEPS MAY BE THE REMOVAL OF LIMITS ON PORTFOLIO INVESTMENT IN JAPANESE

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STOCKS BY FOREIGNERS. (CONFIDENTIAL)

2. JAPAN-NORTH VIETNAM: JAPAN REPORTEDLY PLANS TO EXTEND \$20 MILLION IN GRANT AID TO NORTH VIETNAM NOW THAT DIPLOMATIC RELATIONS BETWEEN THE TWO COUNTRIES HAVE BEEN ESTABLISHED. THIS AMOUNT IS EQUIVALENT TO THE GRANT AID PLANNED FOR SAIGON IN 1973, BUT NEITHER THE AID TO HANOI NOR THAT TO SAIGON IS LIKELY TO BE DISBURSED THIS YEAR. THE GRANT IS TO BE IN LIEU OF WORLD WAR II REPARATIONS PAYMENTS, WHICH JAPAN REFUSES TO MAKE ON THE GROUNDS THEY WERE PAID TO SAIGON FOR ALL OF VIETNAM IN ACCORDANCE WITH AN AGREEMENT REACHED IN JANUARY 1960.

PRIOR TO THE START OF THE RECENT TALKS BETWEEN TOKYO AND HANOI, THE JAPANESE FEARED THAT THE NORTH VIETNAMESE MIGHT DEMAND THAT TOKYO AGREE TO MAKE REPARATIONS PAYMENTS TO NORTH VIETNAM, RECOGNIZE THE STATUS OF THE PRG IN SOUTH VIETNAM, /

25X6

HANOI FAILED TO INSIST ON ANY PRECONDITIONS, HOWEVER, WHEN IT BECAME APPARENT THAT TOKYO WOULD NOT DISCUSS THESE ISSUES.

ALTHOUGH IT HAS NEVER TAKEN MORE THAN \$12 MILLION OF NORTH

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VIETNAM'S EXPORTS NOR SUPPLIED MORE THAN FOUR PERCENT OF ITS IMPORTS. JAPAN IS HANOI'S LARGEST FREE WORLD TRADING PARTNER AND POTENTIALLY ONE OF ITS GREATEST AID DONORS. PRIVATE JAPANESE FIRMS AND TRADE ORGANIZATIONS HAVE BEEN ACTIVELY PROPOSING PROJECTS TO THE NORTH VIETNAMESE SINCE THE CEASE-FIRE. MANY OF THE PROJECTS, HOWEVER, ARE DEPENDENT ON GUARANTEED FINANCING, WHICH THE JAPANESE GOVERNMENT HAS BEEN RELUCTANT TO PROVIDE WHILE FIGHTING CONTINUES. SINCE THE RECONSTRUCTION PROGRAM AND THE DEVELOPMENT OF NEW PROJECTS ARE TIME-CONSUMING, WITH LONG LEAD TIMES FOR PLANNING AND SURVEY WORK, THE JAPANESE PROBABLY WILL PROTRACT THESE PRELIMINARY STAGES UNTIL THE SITUATION IN INDOCHINA IS MORE STABLE. HANOI, MEANWHILE, WILL CONTINUE TO RELY ON ITS COMMUNIST AID DONORS FOR THE BULK OF ITS RECONSTRUCTION AND DEVELOPMENT ASSISTANCE. {CONFIDENTIAL}

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3. //CAMBODIA: A PRO-SIHANOUK [REDACTED]

WHO VISITED SIHANOUK [REDACTED] HAS PROVIDED 25X1X SOME INSIGHTS ON THE PRINCE'S PRIVATE ATTITUDE TOWARD NEGOTIATIONS. THE SOURCE, WHO PROBABLY WAS AWARE THAT HIS REMARKS WOULD REACH US OFFICIALS, STATED THAT SIHANOUK TOLD ALGERIAN PRESIDENT BOUMEDIENE

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ON 18 SEPTEMBER THAT NEITHER THE CAMBODIAN ARMY NOR THE KHMER COMMUNISTS CAN WIN THE WAR IN CAMBODIA. SIHANOUK STATED THAT HE WOULD LIKE TO NEGOTIATE WITH PHNOM PENH, BUT THAT HE IS POWERLESS TO DO SO UNLESS GIVEN AUTHORIZATION BY THE KHMER COMMUNISTS. UNTIL SUCH AN AUTHORIZATION IS FORTHCOMING, SIHANOUK SAID, THERE CAN BE NO SOLUTION TO THE CONFLICT AS ADVOCATED BY SUCH POWERS AS THE US AND FRANCE. SIHANOUK ADDED THAT WHILE HE BELIEVES THE CHINESE DESIRE A NEGOTIATED SOLUTION IN CAMBODIA, THEY HAVE NOT YET TRIED TO PUSH THE INSURGENTS IN THAT DIRECTION.//

//THE FORMER CAMBODIAN LEADER ALSO TOLD BOUMEDIENE THAT HE PERSONALLY WOULD NOT OBJECT TO A LAOS-STYLE COALITION GOVERNMENT IN PHNOM PENH, BUT THAT THIS WOULD DEPEND UPON THE KHMER COMMUNISTS-- SINCE THEY ARE THE ONES DOING THE FIGHTING, AND HE AGAIN INDICATED THAT HE WOULD NEVER DEAL WITH A GOVERNMENT IN PHNOM PENH THAT INCLUDED THE PRESENT MEMBERS OF THE HIGH POLITICAL COUNCIL, FORMER PRIME MINISTER SON NGOC THANH, OR CAMBODIAN ARMY COMMANDER IN CHIEF FERNANDEZ. SIHANOUK ALSO STATED, HOWEVER, THAT HE WOULD BE WILLING TO DEAL WITH "ANY OTHER CAMBODIANS."//

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ACCURATELY REFLECTED Sihanouk's position and was aimed expressly at the US and China. For the US, Sihanouk wished to make the point that unless Washington facilitates his return by modifying its support to the Lon Nol government, Cambodia will eventually be taken over by the Khmer Communists. For Peking, Sihanouk wished to signal that the war will go on unless the Chinese intervene with Khmer Communist leaders in Cambodia. (SECRET)// C-2 IMPDET

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EUROPEAN BRIEF 042.

1. USSR: IN A MOVE DESIGNED TO TAKE HORROW OFF THE DEFENSIVE ON THE HUMAN RIGHTS ISSUE, THE SOVIETS ANNOUNCED ON 25 SEPTEMBER THAT THEY HAD RATIFIED TWO INTERNATIONAL CONVENTIONS: ONE ON ECONOMIC, SOCIAL, AND CULTURAL RIGHTS, AND THE OTHER ON CIVIL AND POLITICAL RIGHTS. THE SOVIETS SIGNED THE TWO DECLARATIONS IN 1966, MORE THAN A YEAR AFTER THEY HAD BEEN ADOPTED BY THE UN GENERAL ASSEMBLY, BUT FORMAL RATIFICATION WAS PUT OFF FOR FIVE YEARS.

LIKE THE RECENT CESSATION OF SOVIET JAMMING OF OFFICIAL WESTERN RADIOBROADCASTS, THIS SOVIET MOVE IS INTENDED TO DAMPEN WESTERN CRITICISM OF MOSCOW'S HANDLING OF ITS POLITICAL DISSIDENTS AND EMIGRATION POLICY AND TO SHOW ITS WILLINGNESS TO MAKE LIMITED ACCOMMODATIONS IN THE INTEREST OF DETENTE. FOREIGN MINISTER GROMYKO REFERRED TO RATIFICATION OF THE TWO HUMAN RIGHTS COVENANTS IN HIS SPEECH AT THE UN THIS

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WEEK. HIS DESCRIPTION OF THEM AS NOT MERELY PIECES OF PAPER WAS CALCULATED TO DEMONSTRATE MOSCOW'S PRO- FESSED INTENTION TO ABIDE BY INTERNATIONAL AGREEMENTS.

THE HUMAN RIGHTS CONVENTIONS CONTAIN PROVISIONS THAT WILL ALLOW THE SOVIETS TO D/ ABOUT WHAT THEY PLEASE WITH REGARD TO THE "FREEDOM TO EMIGRATE." NEVERTHELESS, ANY SOVIET VIOLATIONS OF THE SPIRIT OF THESE DECLARATIONS COULD GENERATE A REACTION IN THE WEST AND CREATE MORE PROBLEMS FOR MOSCOW. (CONFIDENTIAL)

2. USSR: AT THE CEREMONIES PRESENTING THE ORDER OF PEOPLE'S FRIENDSHIP TO UZBEKISTAN, CARRIED LIVE ON NATIONAL TELEVISION ON 24 SEPTEMBER, BREZHNEV PROJECTED THE IMAGE OF A CONFIDENT LEADER MAKING EX CATHEDRA PRONOUNCEMENTS IN A FRIENDLY ATMOSPHERE.//AC- CORDING TO THE EMBASSY.//THE PARTY FIRST SECRETARIES FROM ALL THE CENTRAL ASIAN REPUBLICS AND AZERBAIDZHAN WERE ON THE PODIUM.

THIS IS THE THIRD SUCH AWARD MADE BY BREZHNEV, AND IT IS CLEAR THAT HE IS USING THEM AS A VEHICLE TO CEMENT HIS OWN IMAGE AS THE COUNTRY'S PRINCIPAL LEADER, TO GIVE PATS ON THE BACK

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TO KEY ECONOMIC AND PARTY FIGURES, AND TO CONVEY FOREIGN POLICY PRONOUNCEMENTS TO A NATIONAL AUDIENCE.

BREZHNEV'S REMARKS INCLUDED A NOTABLY DEFENSIVE PASSAGE ON DETENTE. AFTER APPLAUDING THE MAJOR INTERNATIONAL AGREEMENTS THAT HIS DETENTE POLICY HAS PRODUCED, HE NOTED THE EXISTENCE OF ARGUMENTS THAT THESE AGREEMENTS ARE "HALF MEASURES" WHICH DO NOT "SOLVE EXISTING PROBLEMS...ONCE AND FOR ALL." BREZHNEV CLAIMED TO BE ASTONISHED AT THE NAVIGATE OF SUCH ARGUMENTS, STATING THAT GENERAL AND COMPLETE DISARMAMENT WOULD "OF COURSE" BE IDEAL. HE REGRETTED THAT "UNFORTUNATELY, OUR WESTERN PARTNERS ARE NOT SO FAR PREPARED FOR SUCH A SOLUTION." HE ASSERTED, HOWEVER, THAT "THE PRINCIPLE OF ALL OR NOTHING IS QUITE INAPPOSITE IN INTERNATIONAL POLITICS." BREZHNEV CONCLUDED POINTEDLY: "WHOEVER SITS IDLY BY, NEGLECTING ALBEIT A SMALL BUT REAL STEP AHEAD, IMPAIRS THE CAUSE OF PEACE."

BREZHNEV ALMOST CERTAINLY HAD REFERENCE IN PART TO INTERNAL CRITICS OF SPECIFIC ASPECTS OF HIS DETENTE POLICIES. NOW THAT DETENTE IS OFFICIAL SOVIET FOREIGN POLICY, TO ARGUE THAT THE PEACE PROGRAM IS NOT SUFFICIENTLY BENEFITTING THE USSR IS ONE OF THE FEW

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REMAINING SAME LINES OF CRITICISM OPEN TO SOVIET SKEPTICS. BREZHNEV'S SPECIFIC CITATION OF ARMS LIMITATION IN THE CONTEXT OF CRITICISM PROBABLY MEANS THAT THIS IS ONE OF THE AREAS IN CON-
 TENTION. BREZHNEV'S COMMENTS ARE HIS FIRST ACKNOWLEDGEMENT SINCE THE JUNE SUMMIT THAT SUCH CRITICISM EXISTS. TAKEN WITH OTHER RECENT STRAWS IN THE WIND--UNEVEN OFFICIAL TREATMENT OF DISSIDENTS, APPARENT LACK OF OFFICIAL RESPONSIVENESS TO BREZHNEV'S MID-AUGUST "VICTORY THROUGH CONTACTS" OPTIMISM ON FREER MOVEMENT, AND HIS SUBSEQUENT FIRM SEPARATION OF INTERNAL AFFAIRS FROM DETENTE NEGOTIABLES--THE TASHKENT REMARKS INDICATE SOME CONSTRAINTS ON HIS FOREIGN POLICY MANEUVERABILITY HAVE ACCUMULATED SINCE JUNE.

DURING THIS PART OF THE SPEECH BREZHNEV MADE UNUSUALLY EXTENSIVE USE OF THE FIRST PERSON SINGULAR, A MODE OF SPEECH FOR WHICH KHRUSHCHEV WAS CRITICIZED AFTER HIS OUSTER. BREZHNEV ALSO REVEALED THAT HE HAS PICKED UP SOME OF KHRUSHCHEV'S OTHER TRAITS--BREZHNEV RECOUNTED HOW HE HAD INTERRUPTED A SPEAKER AT THE UZBEKI PARTY AKTIV MEETING THAT MORNING IN ORDER TO ADD A MINOR POINT, AND OTHERWISE IMPLIED HE WAS ONE STEP AHEAD OF THEM. SUCH BEHAVIOR

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PROVIDES ADDITIONAL EVIDENCE OF BREZHNEV'S ASCENDANCY WITHIN THE SOVIET LEADERSHIP. BUT IT ALSO LEAVES HIM OPEN TO PETTY SHIPING FROM HIS COLLEAGUES.

BREZHNEV EXHORTED LOCAL LEADERS TO TAKE "DECISIVE MEASURES" AGAINST THOSE WHO VIOLATE LABOR DISCIPLINE--A TRADITIONAL PROBLEM IN THE AREA--AND HE POINTEDLY REMINDED HIS AUDIENCE OF THE "ENORMOUS CONTRIBUTION" MADE BY THE RUSSIAN PEOPLE TO THE CENTRAL ASIAN REPUBLICS' ECONOMIC, SOCIAL, AND CULTURAL DEVELOPMENT. HE ALSO NOTED THAT DETENTE REQUIRES A NEW APPROACH TO SOME OF THE USSR'S ECONOMIC PROBLEMS--ONE THAT TAKES THE "INTERNATIONAL DIVISION OF LABOR" INTO CONSIDERATION. HIS USE OF THE PHRASE IN AN EAST-WEST CONTEXT IS UNUSUAL. SOVIET SPOKESMEN UNCONVENTIONALLY CONFINE IT TO THE "SOCIALIST COMMUNITY." HE COMBINED THIS WITH CALLS FOR FURTHER IMPROVEMENTS IN "IDEOLOGICAL WORK" AND FURTHER DEVELOPMENT OF ACTIVITY AND INITIATIVES IN SOVIET FOREIGN POLICY-- IN THE STATE AS WELL AS PARTY AND PUBLIC SECTORS. (CONFIDENTIAL)

3. USSR-CHILE: THE SEARCH FOR MOTIVES FOR THE SOVIET DECISION TO SEVER RELATIONS WITH CHILE, ANNOUNCED LATE FRIDAY

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IN MOSCOW, HAS LED IN A VARIETY OF DIRECTIONS.

THE OFFICIAL SOVIET STATEMENT EMPHASIZED THAT NUMEROUS ACTS AGAINST SOVIET NATIONALS⁴ HAD MADE THE SITUATION "INTOLERABLE." NONE OF ~~THESE~~ SPECIFIC INCIDENTS HAD BEEN CITED IN THE SOVIET MEDIA PREVIOUSLY, HOWEVER, AND THE USSR HAS WEATHERED WORSE HARASSMENT IN THE PAST WITHOUT BREAKING RELATIONS. IN CHILE, HOWEVER, THE ALLEGED ACTS AGAINST SOVIET CITIZENS AND INSTITUTIONS MAY HAVE REINFORCED A GROWING SENSE THAT SOMETHING HAD TO BE DONE TO DEMONSTRATE THAT MOSCOW HAD NOT LOST ALL REVOLUTIONARY ARDOR IN THE PURSUIT OF DETENTE.

//THE US EMBASSY RAISES THE POSSIBILITY THAT//MOSCOW MAY HAVE ACTED TO PRE-EMPT A BREAK IN RELATIONS BY SANTIAGO. CHILE HAD ALREADY BROKEN RELATIONS WITH NORTH KOREA AND HAD CRACKED DOWN SEVERELY ON THE CUBANS. THE VERY DAY MOSCOW BROKE RELATIONS, THE JUNTA BANNED ALL MARXIST PARTIES. MOSCOW MAY HAVE DECIDED TO ACCEPT ITS LOSSES ON THE STATE LEVEL AND GAIN WHAT IT COULD IN TERMS OF IDEOLOGICAL CREDIBILITY.

//ONE INTERESTING ASPECT NOTED BY THE EMBASSY IS THAT//

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BREZHNEV WAS IN SOFIA ON 20-21 SEPTEMBER, WHEN THE POLITBURO SEEMS TO HAVE MADE ITS DECISION TO BREAK RELATIONS. LONG-DISTANCE APPROVAL BY BREZHNEV WAS DOUBTLESS NECESSARY, BUT HE MAY HAVE HAD LITTLE CHANCE TO INFLUENCE HIS COLLEAGUES' OPINIONS. IN BREZHNEV'S ABSENCE, TWO OTHER INFLUENTIAL LEADERS--KIRILENKO AND SUSLOV--COULD HAVE BEEN EXPECTED TO REACT STRONGLY TO A DETERIORATING SOVIET POSITION IN CHILE. KIRILENKO, BREZHNEV'S UNDERSTUDY IN THE PARTY, HAS LONG DISPLAYED A SPECIAL INTEREST IN SOVIET-CHILEAN RELATIONS. SUSLOV, THE CPSU'S SENIOR IDEOLOGIST AND ITS EXPERT IN INTERNATIONAL COMMUNISM, WOULD BE AMONG THOSE MOST KEENLY AWARE OF THE DELICATE PROBLEM OF MAINTAINING CREDIBILITY ON THE IDEOLOGICAL FRONT WHILE PUSHING DETENTE. REGARDLESS OF BREZHNEV'S PERSONAL REACTION TO THE CHILEAN COUP, HE PROBABLY WOULD NOT HAVE RANKED THE ISSUE HIGH ENOUGH TO SPEND POLITICAL CAPITAL BUCKING A TOUGHER POSTURE URGED BY AN INFLUENTIAL COMBINATION OF HIS COLLEAGUES.

SINCE THE SOVIETS ACTED, THE GDR, BULGARIA, AND CZECHOSLOVAKIA HAVE ALSO BROKEN DIPLOMATIC RELATIONS, AND THE OTHER WARSAW PACT

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ALLIES ARE EXPECTED EITHER TO FOLLOW SUIT IN SHORT ORDER OR SIMPLY NOT RECOGNIZE THE JUNTA'S EXISTENCE.//SOVIET MEDIA HAVE AVOIDED EXPLICIT CHARGES OF US INVOLVEMENT IN THE COUP.//((CONFIDENTIAL))

4. USSR-BULGARIA: A NUMBER OF MINOR PROBLEMS HAVE APPARENTLY CREPT INTO HERETOFORE EXEMPLARY RELATIONS BETWEEN SOFIA AND MOSCOW, WHICH MAKE THE RINGING ENDORSEMENTS OF BULGARIAN-SOVIET FRIENDSHIP DURING BREZHNEV'S VISIT TO BULGARIA LAST WEEK SOUND SOMEWHAT HOLLOW.

--THE ABSENCE OF BORIS VELCHEV, THE NUMBER TWO MAN IN THE BULGARIAN HIERARCHY, AT ALL PUBLIC RECEPTIONS FOR BREZHNEV PROBABLY INDICATES HIS OPPOSITION TO SOVIET PRESSURE ON BULGARIA TO TAKE A MORE CONCILIATORY LINE IN ITS DISPUTE WITH YUGOSLAVIA OVER MACEDONIA. VELCHEV IS ALSO GENERALLY CONSIDERED TO BE THE HIGHEST RANKING BULGARIAN WHO OPPOSES EUROPEAN DETENTE.

--THE BULGARIAN WRITERS UNION, IN A HIGHLY UNUSUAL DISPLAY OF INDEPENDENT THOUGHT, APPARENTLY BALKED AT PUBLISHING A PETITION CONDEMNING SOVIET DISSIDENTS. PUBLICATION OF THE PETITION WAS TO COINCIDE WITH BREZHNEV'S VISIT.

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--THE FINAL COMMUNIQUE NOTES THAT BOTH SIDES "EXCHANGED OPINIONS" OVER THE SITUATION IN INDOCHINA. THIS LANGUAGE SUGGESTS THAT SOFIA RESISTED GIVING INCREASED ECONOMIC AID TO THAT PART OF THE COMMUNIST WORLD. SOFIA PROBABLY RESENTS BEING ASKED TO EXPAND ITS AID TO INDOCHINA, BECAUSE MOSCOW HAS RECENTLY TOLD THE BULGARIANS THEY MUST BEGIN TO LOOK ELSEWHERE FOR SOME OF THE ECONOMIC ASSISTANCE THAT HAS COME FROM THE SOVIET UNION.

--THE COMMUNIQUE ALSO FAILED TO ENDORSE BULGARIA'S "SPECIAL ROLE IN THE BALKANS," AN INDICATION THAT SOFIA HAS BEEN FORCED TO SUBORDINATE YET ANOTHER OF ITS POLICY INTERESTS TO SOVIET OBJECTIVES--IMPROVED SOVIET-YUGOSLAV RELATIONS.

THESE DISCORDANT NOTES SUGGEST AT LEAST A CHANGED TONE IN SOVIET-BULGARIAN RELATIONS. THIS APPARENT DISCORD, COMBINED WITH ZHIVKOV'S REPEATED REFERENCES TO THE JULY PLENUM AND ITS ENDORSEMENT OF THE NEW "QUALITATIVE RELATIONSHIP" BETWEEN MOSCOW AND SOFIA, SUGGEST THAT THE BULGARIAN LEADER IS TELLING THE SOVIETS THAT HE CANNOT BEND BULGARIAN POLICIES MUCH FURTHER WITHOUT RISKING INTERNAL REPERCUSSIONS. (CONFIDENTIAL)

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THE FOLLOWING ITEMS HAVE NOT BEEN COORDINATED.

1. ARGENTINA: IN AN INTERVIEW WITH THE DAILY IL GIORNALE D' ITALIA, PERON AGAIN COMMENTED ON THE ALLENDE OUSTER, THIS TIME BLAMING IT ON THE CHILEAN PRESIDENT'S "SECTARIANISM" AND PROPENSITY FOR "POLITICAL EXCESS." PERON DID NOT REPEAT HIS PREVIOUSLY STATED SUSPICIONS THAT THE US WAS SOMEHOW INVOLVED IN THE COUP. DURING THE DISCOURSE, THE PRESIDENT-ELECT STRONGLY WARNED CUBA NOT TO "PLAY THE GAME" IN ARGENTINA THAT IT HAD ATTEMPTED IN CHILE. IN THIS VEIN, PERON SUGGESTED THAT IF EXTREMISTS PERSISTED IN THEIR GUERRILLA TACTICS IN ARGENTINA THEY WOULD PRECIPITATE EVENTS SIMILAR TO THOSE IN CHILE.

PERON IS EXTREMELY ADEPT AT WALKING BOTH SIDES OF THE FENCE, AND HE APPARENTLY FELT COMPELLED TO AMEND HIS EARLIER PUBLIC COMMENTS IN VIEW OF THE UPSURGE OF TERRORIST VIOLENCE IN HIS OWN BACKYARD AND THE STRONG INTEREST THAT BUENOS AIRES HAS IN CULTIVATING TIES WITH THE NEW CHILEAN JUNTA. MOREOVER, PERON'S INITIAL STATEMENTS DEPLORING THE COUP WERE MADE AGAINST A BACKDROP

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OF NOISY PRO-ALLENDE DEMONSTRATIONS IN BUENOS AIRES AND AT A TIME WHEN PERON WAS SEEKING LEFTWING VOTES FOR HIS ELECTION.

IN REPLY TO A QUESTION ON TIES WITH WASHINGTON, PERON SAID HE WAS IN "TOTAL AGREEMENT" THAT THE RELATIONSHIP SHOULD BE ONE OF COLLABORATION ON THE BASIS OF EQUALITY AND MUTUAL RESPECT. HE ADDED THAT THE PROBLEM DURING HIS EARLIER TERMS WAS ALWAYS THE SAME: BOTH SIDES UNDERSTOOD EACH OTHER AND RELATIONS WERE WELL DEFINED, BUT ARGENTINA COULD NOT ACCEPT DIRECTION FROM OUTSIDERS. THIS VIEWPOINT REFLECTS AN EFFORT BY PERON TO PROJECT AN IMAGE OF MODERATION, WHILE STRESSING THE TRADITIONAL PERONIST "THIRD POSITION" POSTULATING ARGENTINA'S ABSOLUTE INDEPENDENCE FROM THE SUPERPOWERS. DESPITE FRIENDLY OVERTURES, PERON'S POLICIES TOWARD THE US WILL CONTINUE TO BE TEMPERED BY STRONG NATIONALISTIC URGES AND LEFTWING PRESSURES FROM WITHIN HIS OWN MOVEMENT. {CONFIDENTIAL}

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2. //VENEZUELA:

STATES THAT COPEI

INTENDS TO NATIONALIZE THE LARGELY US-OWNED OIL COMPANIES TO GAIN LEFTIST SUPPORT FOR THE PARTY'S PRESIDENTIAL CANDIDATE APPEARS TO

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BE OVERLY ALARMIST.

WHILE IT IS TRUE THAT SOME LEFTIST ELEMENTS WITHIN THE PARTY, NOTABLY IN THE ACTIVIST YOUTH WING AS WELL AS WITHIN THE MINISTRY OF MINES AND HYDROCARBONS, SUPPORT AN EARLY REVERSION OF OIL COMPANY PROPERTIES TO THE STATE, THERE IS NO INDICATION THAT RESPONSIBLE FIGURES IN THE GOVERNMENT OR IN COPEI ARE PUSHING SUCH A PROPOSAL. ONLY LAST MONTH, PRESIDENT CALDERA FORCED HIS MINISTER OF MINES TO RETRACT A STATEMENT THAT A DECISION TO NATIONALIZE THE OIL COMPANY PROPERTIES HAD BEEN MADE.

IT IS REALISTIC TO ASSUME THAT WHOEVER WINS THE PRESIDENTIAL ELECTION IN DECEMBER, SOME NEW ARRANGEMENTS WITH THE OIL COMPANIES GOVERNING THE OPERATION AND CONTROL OF THEIR CONCESSIONS WILL BE NEGOTIATED. OUTRIGHT NATIONALIZATION, HOWEVER, AT A TIME WHEN THE VENEZUELAN ARE ABOUT TO ENTER INTO DETAILED NEGOTIATIONS WITH US AND OIL COMPANY OFFICIALS REGARDING TECHNICAL AND ECONOMIC ASSISTANCE FOR DEVELOPING THE VAST, UNTAPPED OIL RESERVES IN THE ORINOCO TAR BASIN, IS UNLIKELY.

CERTAINLY WITH THE RECENT EVENTS IN CHILE STILL FRESH IN THEIR

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MINDS. VENEZUELAN OFFICIALS SEEM UNLIKELY TO PROVOKE A CONFRONTATION WITH THE OIL COMPANIES WHICH WOULD CAUSE MILITARY AND RIGHTIST ELEMENTS IN THE COUNTRY TO DRAW UNFORTUNATE COMPARISONS WITH THE LAST FEW MONTHS OF THE ALLENDE GOVERNMENT. A HASTY MOVE AGAINST THE COMPANIES WOULD WIN SOME LEFTIST SUPPORT FOR THE COPEI CANDIDATE, BUT AT THE SAME TIME IT WOULD UNDOUBTEDLY CAUSE A SEVERE BACKLASH AMONG MIDDLE CLASS VOTERS AND BUSINESS INTERESTS WHO WOULD VIEW SUCH A MOVE AS A QUANTUM JUMP IN THE CALDERA GOVERNMENT'S LEFT OF CENTER DOMESTIC POLICIES. (SECRET NO FOREIGN DISSEM)//

3. VENEZUELA: THE COST OF VENEZUELAN OIL WILL JUMP FOR THE EIGHTH TIME THIS YEAR. PETROLEUM MINISTER PEREZ LA SALVIA HAS ANNOUNCED ANOTHER INCREASE IN TAX REFERENCE VALUES (TRY'S) FOR VENEZUELAN OIL TO AN AVERAGE OF \$4.75 A BARREL FOR OCTOBER. THIS IS A 31 PERCENT INCREASE OVER THE SEPTEMBER PRICE OF \$4.44 AND REPRESENTS MAINLY AN AUTOMATIC ADJUSTMENT FOR RISING TANKER FREIGHT COSTS. VENEZUELA MADE HISTORY IN EARLY SEPTEMBER WHEN IT BECAME THE FIRST MAJOR OIL EXPORTING NATION TO BOOST ITS TRY'S FOR CERTAIN OF ITS CRUDE OILS TO MORE THAN \$5.00 A BARREL. REFERENCE VALUES

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OF \$5.00 OR MORE NOW APPLY TO ABOUT 10 PERCENT OF VENEZUELA'S THREE MILLION BARREL DAILY CRUDE OIL OUTPUT. OIL PRODUCING COMPANIES IN VENEZUELA HAVE DESCRIBED THE LATEST ROUND OF HIRES AS "INCREDIBLE" AND ARE BRACED FOR MORE AS WORLD DEMAND INCREASES. IN HIS STATEMENT THIS WEEK PEREZ WARNED THAT THERE COULD BE MORE SUBSTANTIAL PRICE INCREASES ON THE WAY. (CONFIDENTIAL) E-2 IMPDET.W

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